

AMENDED IN SENATE AUGUST 4, 2008

AMENDED IN SENATE JUNE 25, 2008

AMENDED IN SENATE JUNE 11, 2008

AMENDED IN ASSEMBLY APRIL 15, 2008

AMENDED IN ASSEMBLY MARCH 13, 2008

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 2967

Introduced by Assembly Member Lieber

February 22, 2008

An act to amend and repeal Section 128725 of, and to amend, repeal, and add Section 128695 of, and to add Chapter 4 (commencing with Section 128850) to Part 5 of Division 107 of, the Health and Safety Code, relating to health care.

LEGISLATIVE COUNSEL'S DIGEST

AB 2967, as amended, Lieber. Health care cost and quality transparency.

Existing law creates the California Health and Human Services Agency.

This bill would create the California Health Care Cost and Quality Transparency Committee in the California Health and Human Services Agency, with specified powers and duties, including the development of a health care cost and quality transparency plan, which would include various strategies to improve medical data collection and reporting practices. The bill would require the Secretary of California Health and Human Services and the committee to undertake duties specified in the

bill, including implementing various strategies to improve health care quality, and related performance measures. This bill would require the secretary, or the Office of Statewide Health Planning and Development, to adopt regulations as necessary to carry out the bill's requirements.

The bill would provide for the confidentiality of information obtained in the course of the data collection activities implemented under the bill. The bill would establish the Health Care Cost and Quality Transparency Fund, consisting of specified fees authorized under the bill that shall not exceed the cost of implementing the above provisions. The fund would be used, upon appropriation, to support implementation of the activities required under the bill.

Existing law, the Health Data and Advisory Council Consolidation Act, makes provision for the collection of data from health facilities. The act creates the California Health Policy and Data Advisory Commission, which is charged with certain functions and duties regarding data collection.

This bill would, commencing July 1, 2009, repeal the provisions creating and establishing the functions and duties of the California Health Policy and Data Advisory Commission and provide that any reference in the Health and Safety Code to the commission shall be deemed a reference to the Health Care Cost and Quality Transparency Committee.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 128695 of the Health and Safety Code
2 is amended to read:
3 128695. (a) There is hereby created the California Health
4 Policy and Data Advisory Commission to be composed of 13
5 members.
6 The Governor shall appoint nine members, one of whom shall
7 be a hospital chief executive officer, one of whom shall be a chief
8 executive officer of a hospital serving a disproportionate share of
9 low-income patients, one of whom shall be a long-term care facility
10 chief executive officer, one of whom shall be a freestanding
11 ambulatory surgery clinic chief executive officer, one of whom
12 shall be a representative of the health insurance industry involved
13 in establishing premiums or underwriting, one of whom shall be

1 a representative of a group prepayment health care service plan,
2 one of whom shall be a representative of a business coalition
3 concerned with health, and two of whom shall be general members.
4 The Speaker of the Assembly shall appoint two members, one of
5 whom shall be a physician and surgeon and one of whom shall be
6 a general member. The Senate Committee on Rules shall appoint
7 two members, one of whom shall be a representative of a labor
8 coalition concerned with health, and one of whom shall be a general
9 member.

10 The Governor shall designate a member to serve as chairperson
11 for a two-year term. No member may serve more than two,
12 two-year terms as chairperson. All appointments shall be for
13 four-year terms. No individual shall serve more than two, four-year
14 terms.

15 (b) This section shall remain in effect only until July 1, 2009,
16 and as of that date is repealed, unless a later enacted statute, that
17 is enacted before July 1, 2009, deletes or extends that date.

18 SEC. 2. Section 128695 is added to the Health and Safety Code,
19 to read:

20 128695. (a) On and after July 1, 2009, any reference in this
21 code to the California Health Policy and Data Advisory
22 Commission shall be deemed a reference to the Health Care Cost
23 and Quality Transparency Committee created pursuant to Section
24 128855.

25 (b) This section shall become operative on July 1, 2009.

26 SEC. 3. Section 128725 of the Health and Safety Code is
27 amended to read:

28 128725. The functions and duties of the commission shall
29 include the following:

30 (a) Advise the office on the implementation of the new,
31 consolidated data system.

32 (b) Advise the office regarding the ongoing need to collect and
33 report health facility data and other provider data.

34 (c) Annually develop a report to the director of the office
35 regarding changes that should be made to existing data collection
36 systems and forms. Copies of the report shall be provided to the
37 Senate Committees on Health and Human Services and to the
38 Assembly Committee on Health.

39 (d) Advise the office regarding changes to the uniform
40 accounting and reporting systems for health facilities.

1 (e) Conduct public meetings for the purposes of obtaining input
2 from health facilities, other providers, data users, and the general
3 public regarding this chapter and Chapter 1 (commencing with
4 Section 127125) of Part 2 of Division 107.

5 (f) Advise the Secretary of Health and Welfare on the
6 formulation of general policies which shall advance the purposes
7 of this part.

8 (g) Advise the office on the adoption, amendment, or repeal of
9 regulations it proposes prior to their submittal to the Office of
10 Administrative Law.

11 (h) Advise the office on the format of individual health facility
12 or other provider data reports and on any technical and procedural
13 issues necessary to implement this part.

14 (i) Advise the office on the formulation of general policies which
15 shall advance the purposes of Chapter 1 (commencing with Section
16 127125) of Part 2 of Division 107.

17 (j) Recommend, in consultation with a 12-member technical
18 advisory committee appointed by the chairperson of the
19 commission, to the office the data elements necessary for the
20 production of outcome reports required by Section 128745.

21 (k) (1) The technical advisory committee appointed pursuant
22 to subdivision (j) shall be composed of two members who shall
23 be hospital representatives appointed from a list of at least six
24 persons nominated by the California Association of Hospitals and
25 Health Systems, two members who shall be physicians and
26 surgeons appointed from a list of at least six persons nominated
27 by the California Medical Association, two members who shall
28 be registered nurses appointed from a list of at least six persons
29 nominated by the California Nurses Association, one medical
30 record practitioner who shall be appointed from a list of at least
31 six persons nominated by the California Health Information
32 Association, one member who shall be a representative of a hospital
33 authorized to report as a group pursuant to subdivision (d) of
34 Section 128760, two members who shall be representative of
35 California research organizations experienced in effectiveness
36 review of medical procedures or surgical procedures, or both
37 procedures, one member representing the Health Access
38 Foundation, and one member representing the Consumers Union.
39 Members of the technical advisory committee shall serve without
40 compensation, but shall be reimbursed for any actual and necessary

1 expenses incurred in connection with their duties as members of
2 the technical advisory committee.

3 (2) The commission shall submit its recommendation to the
4 office regarding the first of the reports required pursuant to
5 subdivision (a) of Section 128745 no later than January 1, 1993.
6 The technical advisory committee shall submit its initial
7 recommendations to the commission pursuant to subdivision (d)
8 of Section 128750 no later than January 1, 1994. The commission,
9 with the advice of the technical advisory committee, may
10 periodically make additional recommendations under Sections
11 128745 and 128750 to the office, as appropriate.

12 (l) (1) Assess the value and usefulness of the reports required
13 by Sections 127285, 128735, and 128740. On or before December
14 1, 1997, the commission shall submit recommendations to the
15 office to accomplish all of the following:

- 16 (A) Eliminate redundant reporting.
- 17 (B) Eliminate collection of unnecessary data.
- 18 (C) Augment databases as deemed valuable to enhance the
19 quality and usefulness of data.
- 20 (D) Standardize data elements and definitions with other health
21 data collection programs at both the state and national levels.
- 22 (E) Enable linkage with, and utilization of, existing data sets.
- 23 (F) Improve the methodology and databases used for quality
24 assessment analyses, including, but not limited to, risk-adjusted
25 outcome reports.

26 (G) Improve the timeliness of reporting and public disclosure.

27 (2) The commission shall establish a committee to implement
28 the evaluation process. The committee shall include representatives
29 from the health care industry, providers, consumers, payers,
30 purchasers, and government entities, including the Department of
31 Managed Health Care, the departments that comprise the Health
32 and Welfare Agency, and others deemed by the commission to be
33 appropriate to the evaluation of the databases. The committee may
34 establish subcommittees including technical experts.

35 (3) In order to ensure the timely implementation of the
36 provisions of the legislation enacted in the 1997–98 Regular
37 Session that amended this part, the office shall present an
38 implementation work plan to the commission. The work plan shall
39 clearly define goals and significant steps within specified
40 timeframes that must be completed in order to accomplish the

1 purposes of that legislation. The office shall make periodic progress
2 reports based on the work plan to the commission. The commission
3 may advise the Secretary of Health and Welfare of any significant
4 delays in following the work plan. If the commission determines
5 that the office is not making significant progress toward achieving
6 the goals outlined in the work plan, the commission shall notify
7 the office and the secretary of that determination. The commission
8 may request the office to submit a plan of correction outlining
9 specific remedial actions and timeframes for compliance. Within
10 90 days of notification, the office shall submit a plan of correction
11 to the commission.

12 (m) (1) As the office and the commission deem necessary, the
13 commission may establish committees and appoint persons who
14 are not members of the commission to these committees as are
15 necessary to carry out the purposes of the commission.
16 Representatives of area health planning agencies shall be invited,
17 as appropriate, to serve on committees established by the office
18 and the commission relative to the duties and responsibilities of
19 area health planning agencies. Members of the standing committees
20 shall serve without compensation, but shall be reimbursed for any
21 actual and necessary expenses incurred in connection with their
22 duties as members of these committees.

23 (2) Whenever the office or the commission does not accept the
24 advice of the other body on proposed regulations or on major policy
25 issues, the office or the commission shall provide a written
26 response on its action to the other body within 30 days, if so
27 requested.

28 (3) The commission or the office director may appeal to the
29 Secretary of Health and Welfare over disagreements on policy,
30 procedural, or technical issues.

31 (n) This section shall remain in effect only until July 1, 2009,
32 and as of that date is repealed, unless a later enacted statute, that
33 is enacted before July 1, 2009, deletes or extends that date.

34 SEC. 4. Chapter 4 (commencing with Section 128850) is added
35 to Part 5 of Division 107 of the Health and Safety Code, to read:

1 CHAPTER 4. HEALTH CARE COST AND QUALITY TRANSPARENCY

2
3 Article 1. General Provisions
4

5 128850. The Legislature hereby finds and declares all of the
6 following:

7 (a) The steady rise in health costs is eroding health access,
8 straining public health and finance systems, and placing an undue
9 burden on the state's economy.

10 (b) The effective use and distribution of health care data and
11 meaningful analysis of that data will lead to greater transparency
12 in the health care system, resulting in improved health care quality
13 and outcomes, more cost-effective care, and improvements in life
14 expectancy, reduced death rates, and improved overall public
15 health.

16 (c) Hospitals, physicians, health care providers, and health
17 insurers that have access to systemwide performance data can use
18 the information to improve patient safety, efficiency of health care
19 delivery, and quality of care, which would lead to quality
20 improvement and cost savings throughout the health care system.

21 (d) The State of California is uniquely positioned to collect,
22 analyze, and report all payer data on health care utilization, quality,
23 and costs in the state in order to facilitate value-based purchasing
24 of health care and to support and promote continuous quality
25 improvement among health plans and providers.

26 (e) Establishing statewide data and common measurement, and
27 analyses of health care costs, quality, and outcomes will identify
28 appropriate health care utilization and ensure the highest quality
29 of health care services for all Californians.

30 (f) Comprehensive statewide data and common measurement
31 will allow analysis of the provision of care, so that efforts can be
32 undertaken to improve health outcomes for all Californians,
33 including those groups with demonstrated health disparities.

34 (g) It is therefore the intent of the Legislature that the State of
35 California assume a leadership role in measuring performance and
36 value in the health care system. By establishing the primary
37 statewide data and common measurement, and analyses of health
38 care costs, quality, and outcomes, and by providing sufficient
39 revenues to adequately analyze and report meaningful performance
40 measures related to health care costs, safety, and quality, the

1 Legislature intends to promote competition, identify appropriate
2 health care utilization, and ensure the highest quality of health care
3 services for all Californians.

4 (h) The Legislature further intends to reduce duplication and
5 inconsistency in the collection, analysis, and dissemination of
6 health care performance information within state government and
7 among both public and private entities by coordinating health care
8 data development, collection, analysis, evaluation, and
9 dissemination.

10 (i) It is further the intent of the Legislature that the data collected
11 be used for the transparent public reporting of quality and cost
12 efficiency information regarding all levels of the health care
13 system, including health care service plans and health insurers,
14 hospitals and other health facilities, and medical groups, physicians,
15 and other licensed health professionals in independent practice,
16 so that health care plans and providers can improve their
17 performance and deliver safer, better health care more affordably;
18 so that purchasers can know which health care services reduce
19 morbidity, mortality, and other adverse health outcomes; so that
20 consumers can choose whether and where to have health care
21 provided; and so that policymakers can effectively monitor the
22 health care delivery system to ensure quality and value for all
23 purchasers and consumers.

24 (j) The Legislature further intends that all existing duties,
25 powers, and authority relating to health care cost, quality, and
26 safety data collection and reporting under current state law continue
27 in full effect.

28 128851. As used in this chapter, the following terms have the
29 following meanings:

30 (a) “Administrative claims data” means data that are submitted
31 electronically or otherwise to, or collected by, health insurers,
32 health care service plans, administrators, or other payers of health
33 care services and that are submitted to, or collected for, the
34 purposes of payment to any licensed health professional, medical
35 provider group, laboratory, pharmacy, hospital, imaging center,
36 or any other facility or person that is requesting payment for the
37 provision of medical care.

38 (b) “Committee” means the Health Care Cost and Quality
39 Transparency Committee.

1 (1) *All references to the California Health Policy and Data*
2 *Advisory Commission created pursuant to Section 128695 shall*
3 *be deemed to be references to the committee.*

4 (2) *All references to the technical advisory committee created*
5 *pursuant to subdivisions (j) and (k) of Section 128725 shall be*
6 *deemed to be references to the clinical advisory panel or technical*
7 *committee designated by the committee for this purpose.*

8 (c) “Data source” means a licensed physician or any other
9 licensed health professional in independent practice, medical
10 provider group, health facility, health care service plan licensed
11 by the Department of Managed Health Care, health insurer
12 certificated by the Insurance Commissioner to sell health insurance,
13 any state agency providing or paying for health care or collecting
14 health care data or information, or any other payer for health care
15 services in California.

16 (d) “Encounter data” means data related to treatment or services
17 rendered by providers to patients that may be reimbursed on a
18 fee-for-service statement.

19 (e) “Group” or “medical provider group” means an affiliation
20 of physicians and other health care professionals, whether a
21 partnership, corporation, or other legal form, with the primary
22 purpose of providing medical care.

23 (f) “Health facility” or “health facilities” means health facilities
24 required to be licensed pursuant to Chapter 2 (commencing with
25 Section 1250) of Division 2.

26 (g) “Licensed health professional in independent practice” means
27 a licensed health professional who is authorized to order or direct
28 health services for patients or who is eligible to bill Medi-Cal for
29 services. The term includes, but is not limited to, nurse
30 practitioners, physician assistants, dentists, chiropractors, and
31 pharmacists.

32 (h) “Office” means the Office of Statewide Health Planning and
33 Development.

34 (i) “Risk-adjusted outcomes” means the clinical outcomes of
35 patients grouped by diagnoses or procedures, that have been
36 adjusted for demographic and clinical factors.

37 (j) “Secretary” means the Secretary of California Health and
38 Human Services.

39 128852. (a) Any limitation on the addition of data elements
40 or public reporting pursuant to Chapter 1 (commencing with

1 Section 128675) shall be inapplicable to the extent determined
2 necessary to implement the responsibilities under this chapter. All
3 data collected by the office shall be available to the committee and
4 secretary for the purposes of carrying out their responsibilities
5 under this chapter. The office shall make available to the committee
6 any and all data files, information, and staff resources as may be
7 necessary to assist in and support the responsibilities of the
8 committee., except that this data shall not be made available in a
9 manner that would permit the linking of the information disclosed
10 to the individual to whom it pertains, unless the entity receiving
11 the data is entitled to receive that data pursuant to Section 1798.24
12 of the Civil Code.

13 (b) The office shall make available to the committee any
14 information and staff resources as may be necessary to assist in
15 and support the responsibilities of the committee.

16 (c) All data collected by the office shall be available to any
17 entity with which the secretary has contracted pursuant to
18 subdivision (c) of Section 128865 as necessary for the purposes
19 of carrying out responsibilities under this chapter. However, this
20 data shall be made available in a manner that would prevent
21 linking the information disclosed to the individual to whom it
22 pertains, unless the entity receiving the data is entitled to receive
23 that data pursuant to Section 1798.24 of the Civil Code.

24 Article 2. Health Care Cost and Quality Transparency 25 Committee 26 27

28 128855. There is hereby created in the California Health and
29 Human Services Agency the Health Care Cost and Quality
30 Transparency Committee, composed of 16 members. The
31 appointments shall be made as follows:

32 (a) The Governor shall appoint 10 members as follows:

33 (1) One researcher with experience in health care data and cost
34 efficiency research.

35 (2) One representative of private hospitals.

36 (3) One representative of public hospitals.

37 (4) One representative of an integrated multispecialty medical
38 group.

39 (5) One representative of health insurers or health care service
40 plans.

1 (6) One representative of licensed health professionals in
2 independent practice.

3 (7) One representative of large employers that purchase group
4 health care coverage for employees and who is not also a supplier
5 or broker of health care coverage.

6 (8) One representative of a labor union.

7 (9) One representative of employers that purchase group health
8 care coverage for their employees or a representative of a nonprofit
9 organization that demonstrates experience working with employers
10 to enhance value and affordability of health care coverage.

11 (10) One representative of pharmacists.

12 (b) The Senate Committee on Rules shall appoint three members
13 as follows:

14 (1) One representative of a labor union.

15 (2) One representative of consumers with a demonstrated record
16 of advocating health care issues on behalf of consumers.

17 (3) One representative of physicians and surgeons who is a
18 practicing patient-care physician licensed in the State of California.

19 (c) The Speaker of the Assembly shall appoint three members
20 as follows:

21 (1) One representative of consumers with a demonstrated record
22 of advocating health care issues on behalf of consumers.

23 (2) One representative of small employers that purchase group
24 health care coverage for employees and who is not also a supplier
25 or broker in health care coverage.

26 (3) One representative of a nonprofit labor-management
27 purchaser coalition that has a demonstrated record of working with
28 employers and employee associations to enhance value and
29 affordability in health care.

30 (d) The following members shall serve in an ex officio,
31 nonvoting capacity:

32 (1) The Executive Officer of the California Public Employees
33 Retirement System or his or her designee.

34 (2) The Director of the Department of Managed Health Care or
35 his or her designee.

36 (3) The Insurance Commissioner or his or her designee.

37 (4) The Director of the Department of Public Health or his or
38 her designee.

39 (5) The Director of the State Department of Health Care Services
40 or his or her designee.

1 (6) The Director of Statewide Health Planning and Development.

2 (7) *The executive director of the Managed Risk Medical*
3 *Insurance Board or his or her designee.*

4 (e) The Governor shall designate a member to serve as
5 chairperson for a two-year term. No member may serve more than
6 two, two-year terms as chairperson. All appointments shall be for
7 four-year terms, as provided. However, the initial term shall be
8 two years for members initially filling the positions set forth in
9 paragraphs (1), (2), (4), and (6) of subdivision (a), paragraph (2)
10 of subdivision (b), and paragraph (2) of subdivision (c).

11 128856. The committee shall meet at least once every two
12 months, or more often, if necessary to fulfill its duties.

13 128857. The members of the committee shall receive
14 reimbursement for any actual and necessary expenses incurred in
15 connection with their duties as members of the committee.

16 128858. The secretary shall provide or contract for
17 administrative support for the committee.

18 128859. The committee shall do all of the following:

19 (a) Develop and recommend to the secretary the health care cost
20 and quality transparency plan, as provided in Article 3
21 (commencing with Section 128865).

22 (b) Monitor the implementation of the health care cost and
23 quality transparency plan.

24 (c) Issue an annual public report, on or before March 1, on the
25 status of implementing this chapter, the resources necessary to
26 fully implement this chapter, and any recommendations for changes
27 to the statutes, regulations, or the transparency plan that would
28 advance the purposes of this chapter.

29 128860. (a) The committee shall appoint at least one technical
30 committee, and may appoint additional technical committees as
31 the committee deems appropriate, and shall include on each
32 technical committee academic and professional experts with
33 expertise related to the activities of the committee.

34 (b) (1) The committee shall appoint at least one clinical advisory
35 panel and may appoint additional panels specific to issues that
36 require additional or different clinical expertise. Each clinical panel
37 shall contain a majority of clinicians with expertise related to the
38 activities of the committee and any issue under consideration and
39 shall also include experts in collecting and reporting data. Each
40 clinical panel shall also include three members of the committee,

1 one of whom shall be a representative of hospitals or health
2 professionals, one of whom shall be a representative of health
3 plans, health insurers, or integrated multispeciality medical groups,
4 and one of whom shall be a representative of consumers,
5 purchasers, or labor unions.

6 (2) For the initial plan, the committee shall appoint at least one
7 advisory clinical panel that shall do all of the following:

8 (A) Issue a written report of recommendations to implement
9 the goals set forth by the committee, including how to measure
10 quality improvement, necessary data elements, and appropriate
11 risk-adjustment methodology. The report shall be submitted to the
12 committee within the time period specified by the committee. The
13 committee shall either adopt the recommendations of the clinical
14 panel or, by a two-thirds vote of the committee, reject the
15 recommendations. If the committee rejects the recommendations,
16 it shall issue a written finding and rationale for rejecting the
17 recommendations, and shall refer the issue back to the clinical
18 panel and request additional or modified recommendations in
19 specific areas in which the committee found the recommendations
20 deficient.

21 (B) Make recommendations to the committee concerning the
22 specific data to be collected and the methods of collection to
23 implement this chapter, assure that the results are statistically valid
24 and accurate, and state any limitations on the conclusions that can
25 be drawn from the data.

26 (C) Make recommendations concerning the measures necessary
27 to implement the reporting requirements in a manner that is cost
28 effective, reasonable for data sources, and is reliable, timely, and
29 relevant to consumers, purchasers, and health providers.

30 (c) The members of the technical committees and clinical
31 advisory panels shall be reimbursed for any actual and necessary
32 expenses incurred in connection with their duties as members of
33 the technical committee or clinical advisory panel.

34 (d) The committee shall provide opportunities for participation
35 from consumers and patients as well as purchasers and providers
36 at all committee meetings.

37 128861. The committee, technical committee, and clinical
38 advisory panel members, and any contractors, shall be subject to
39 the conflict-of-interest policy of the California Health and Human
40 Services Agency.

1 128862. (a) On and after July 1, 2009, any reference in this
2 code to the California Health Policy and Data Advisory
3 Commission shall be deemed a reference to the Health Care Cost
4 and Quality Transparency Committee created pursuant to Section
5 128855.

6 (b) On and after July 1, 2009, any reference in this code to the
7 technical advisory committee appointed by the chairperson of the
8 California Health Policy and Data Advisory Commission shall be
9 deemed a reference to the technical committee or committees or
10 the clinical advisory panel or panels appointed by the Health Care
11 Cost and Quality Transparency Committee pursuant to Section
12 128860.

13 (c) *Effective July 1, 2009, the California Health Policy and*
14 *Data Advisory Commission created pursuant to Section 128695*
15 *and the technical advisory committee created pursuant to*
16 *subdivisions (j) and (k) of Sections 128725 are abolished.*

17
18 Article 3. Health Care Cost and Quality Transparency Plan
19

20 128865. (a) (1) The committee, within one year after its first
21 meeting, shall develop and recommend to the secretary an initial
22 health care cost and quality transparency plan.

23 (2) The committee shall periodically review and recommend
24 updates to the Health Care Cost and Quality Transparency Plan.
25 The committee shall conduct a full review every three years, and
26 any recommendations resulting from the review shall be subject
27 to Section 128866.

28 (3) The initial plan and updates to the plan shall result in public
29 reporting of safety, quality, and cost efficiency information on the
30 health care system. The purpose of the plan shall be to improve
31 health care cost efficiency, improve health system performance,
32 and promote quality patient outcomes.

33 (4) In developing the initial plan and updates to the plan, the
34 committee shall review existing data gathering and reporting,
35 including existing voluntary efforts.

36 (5) In developing the initial plan and updates to the plan, the
37 committee shall obtain the recommendation of the relevant clinical
38 advisory panel or panels, if any, on the measures to be reported.

39 (b) The plan shall include, but not be limited to, strategies to
40 do all of the following:

1 (1) Measure and collect data related to health care safety and
2 quality, utilization, health outcomes, and cost of health care
3 services from health plans and insurers, medical groups, health
4 facilities, and licensed health professionals.

5 (2) Measure each of the performance domains, including, but
6 not limited to, safety, timeliness, effectiveness, efficiency, quality,
7 and other domains as appropriate.

8 (3) Develop a valid methodology for collecting and reporting
9 cost and quality information to ensure the integrity of the data and
10 reflect the intensity, cost, and scope of services provided, and that
11 the data are collected from the most appropriate data source.

12 (4) Measure and collect data related to disparities in health
13 outcomes among various populations and communities, including
14 racial and ethnic groups.

15 (5) Use and build on existing data collection standards, methods,
16 and definitions to the greatest extent possible to accomplish the
17 goals of this article in an efficient and effective manner including
18 the data collected by the state and federal governments.

19 (6) Incorporate and utilize administrative claims data to the
20 extent it is the most efficient method of collecting valid and reliable
21 data.

22 (7) Improve coordination, alignment, and timeliness of data
23 collection, state and federal reporting practices and standards, and
24 existing mandatory and voluntary measurement and reporting
25 activities by existing public and private entities, taking into account
26 the reporting burden on providers.

27 (8) Provide public reports, analyses, and data on the health care
28 quality, safety, and performance measures of health plans and
29 insurers, medical groups, health facilities, licensed physicians, and
30 other licensed health professionals in independent practice, that
31 are accurate, statistically valid, and descriptive of how the data
32 were derived.

33 (9) Maintain patient confidentiality consistent with *all applicable*
34 federal and state medical and patient privacy laws *at all times*.

35 (10) Coordinate and streamline existing related data collection
36 and reporting activities within state government.

37 (11) Participate in the monitoring of plan implementation,
38 including a timeline and prioritization of the planned data
39 collection, analyses, and reports.

1 (12) Participate in the monitoring of data collection, continuous
2 quality improvement, and reporting functions.

3 (13) Assess compliance with data collection requirements
4 needed to implement this chapter.

5 (14) Recommend a fee schedule sufficient to fund the
6 implementation of this chapter.

7 (c) The secretary may contract with a qualified public or private
8 agency or academic institution to assist in the review of existing
9 data collection programs or to conduct other research or analysis
10 deemed necessary for the committee or secretary to complete and
11 implement the Health Care Cost and Quality Transparency Plan
12 or to meet the obligations of this chapter.

13 128866. (a) Within ~~60~~ 90 days of receipt of the Health Care
14 Cost and Quality Transparency Plan recommended by the
15 committee, the secretary shall do one of the following:

16 (1) Advise the committee that the recommended plan is accepted
17 and implementing regulations shall be drafted and submitted to
18 the Office of Administrative Law pursuant to the Administrative
19 Procedures Act, Chapter 3.5 (commencing with Section 11340)
20 of Part 1 of Division 3 of Title 2 of the Government Code.

21 (2) Refer the plan back to the committee and request additional
22 or modified recommendations in specific areas in which the
23 secretary finds the plan is deficient. If referred back to the
24 committee, the secretary shall respond to any modified
25 recommendation in the manner provided in this section.

26 (b) Every six years after implementation, commencing with
27 2014, the secretary shall report to the Legislature on the work of
28 the committee and whether the committee should be continued in
29 the manner described in this article or whether changes should be
30 made to the law.

31
32 Article 4. Implementation of the Health Care Quality and
33 Transparency Plan
34

35 128867. (a) After acceptance of the plan pursuant to Section
36 128866, the secretary shall be responsible for timely
37 implementation of the approved plan. The secretary shall ensure
38 timely implementation by the office, which shall include, but not
39 be limited to, all of the following:

1 (1) Provide data, information, and reports as may be required
2 by the committee to assist in its responsibilities under this chapter.

3 (2) Determine the specific data to be collected and the methods
4 of collection to implement this chapter, consistent with the
5 approved plan, and ensure that the results are statistically valid
6 and accurate, as well as risk-adjusted, where appropriate.

7 (3) Determine the measures necessary to implement the reporting
8 requirements in a manner that is cost effective and reasonable for
9 data sources, and is timely, relevant, and reliable for consumers,
10 purchasers, and providers.

11 (4) Collect the data consistent with the data reporting
12 requirements of the approved plan, including, but not limited to,
13 data on quality, health outcomes, cost, and utilization.

14 (5) Audit, as necessary, the accuracy of any or all data submitted
15 to the lead agency pursuant to this chapter.

16 (6) Seek to establish agreements for voluntary reporting of health
17 care claims and data from any and all health care data sources that
18 are not subject to mandatory reporting pursuant to this chapter, in
19 order to ensure the most comprehensive systemwide data on health
20 care costs and quality.

21 (7) Fully protect patient privacy and confidentiality, in
22 compliance with federal and state privacy laws, while preserving
23 the ability to analyze data. Any individual patient information
24 obtained pursuant to this chapter shall be exempt from the
25 disclosure requirements of the Public Records Act (Chapter 3.5
26 (commencing with Section 6250) of Division 7 of Title 1 of the
27 Government Code).

28 (8) Adopt the same procedures for health care providers as those
29 specified in Section 128750 and adopt substantially similar
30 procedures for other data sources to ensure that all data sources
31 identified in any outcome report have a reasonable opportunity to
32 review, comment on, and appeal any outcome report in which the
33 data source is identified before it is released to the public.

34 (b) The secretary and office shall consult with the committee
35 in implementing this chapter, and shall cooperate with the
36 committee in fulfilling the committee's responsibility to monitor
37 implementation activities.

38 (c) All state agencies shall cooperate with the secretary and the
39 office to implement the Health Care Cost and Quality Transparency
40 Plan approved by the secretary.

1 (d) The secretary or the office shall adopt regulations as are
2 necessary to carry out the requirements of this chapter.

3 128868. Nothing in this chapter shall be construed to authorize
4 the disclosure of any confidential information concerning
5 contracted rates between health care providers and payers or any
6 other data source, but nothing in this section shall prevent the
7 disclosure of information on the relative or comparative cost to
8 payers or purchasers of health care services, consistent with the
9 requirements of this chapter.

10 128869. (a) Patient social security numbers and any other data
11 elements that the office believes may be used to determine the
12 identity of an individual patient shall be exempt from the disclosure
13 requirements of the California Public Records Act (Chapter 3.5
14 (commencing with Section 6250) of Division 7 of Title 1 of the
15 Government Code).

16 (b) No person reporting data pursuant to this section shall be
17 liable for damages in any action based on the use or misuse of
18 patient-identifiable data that has been mailed or otherwise
19 transmitted to the office pursuant to the requirements of this
20 chapter.

21 (c) No communication of data or information by a data source
22 to the committee, the secretary, or the office shall constitute a
23 waiver of privileges preserved by Section 1156, 1156.1, or 1157
24 of the Evidence Code or Section 1370.

25 (d) Information, documents, or records from original sources
26 otherwise subject to discovery or introduction into evidence shall
27 not be immune from discovery or introduction into evidence merely
28 because they were also provided to the committee or office
29 pursuant to this chapter.

30 128870. (a) The office shall solicit input from interested
31 stakeholders and convene meetings to receive input on the creation
32 of a fee schedule to implement this section. This stakeholder
33 process shall occur in a manner that allows for meaningful review
34 of the information and fiscal projections by the interested
35 stakeholders. After the stakeholder process has been convened and
36 used in the development of a proposal, the office shall provide the
37 secretary with a proposal that will, to the extent possible, identify
38 a fee schedule and other financial resources for the implementation
39 of this chapter and allow for the recovery of costs of implementing

1 centralized data collection, and effective analysis and reporting
2 activities under this chapter.

3 (b) The schedule of fees, including specific fees charged to each
4 data source and user, shall be ~~approved by the Legislature and~~
5 ~~Governor in the annual Budget Act~~ *evaluated by the Legislature*
6 *as a part of the annual Budget Act process*. The annual budget of
7 the committee shall be presented and justified to the Legislature
8 with an annual work plan including a description of the data
9 sources, data, elements, use of the data, and the number and
10 frequency of reports to be made available. Fees collected shall not
11 exceed the cost of implementing this chapter, including technical
12 and administrative support for the committee, the technical
13 committee or committees, and the clinical advisory panel or panels,
14 as well as the activities of the office arising from this article.

15 (c) The total amount of fees charged by the office to a hospital
16 to recover the costs of implementing this chapter, and the fees
17 charged to that hospital pursuant to Section 127280 shall not exceed
18 0.06 percent of the gross operating cost of the hospital for the
19 provision of health care services for its last fiscal year that ended
20 on or before June 30 of the preceding calendar year.

21 (d) *The office shall recover its costs in implementing this chapter*
22 *by assessing and collecting fees from data sources and data users*
23 *in accordance with the fee schedule approved by the secretary.*
24 *The office shall annually evaluate the fee schedule to determine*
25 *whether the fees are sufficient to fund the actual costs of*
26 *implementing this chapter. The office shall also evaluate the fees*
27 *to ensure that data sources and data users are equitably assessed*
28 *and that no one source or user is assessed in a disproportionate*
29 *manner. If the evaluation shows that the fees are excessive, or are*
30 *insufficient to fund the actual costs of implementing these*
31 *programs, the secretary shall propose an adjustment to the fees*
32 *for evaluation by the Legislature during the annual Budget Act*
33 *process.*

34 (d)

35 (e) No fees shall be assessed or collected pursuant to this section
36 from any state department, authority, bureau, commission, or
37 officer, unless federal financial participation would become
38 available by doing so and an appropriation is included in the annual
39 Budget Act for that state department, authority, bureau,
40 commission, or officer for this purpose.

1 128871. There is hereby established in the State Treasury the
2 Health Care Cost and Quality Transparency Fund to support the
3 implementation of this chapter. All fees and contributions collected
4 by the office pursuant to Section 128870 shall be deposited in this
5 fund and used to support the implementation of this chapter.
6 Expenditures shall be subject to appropriation in the annual Budget
7 Act.

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